

INDIANA ----- NATURAL GAS ENERGY USE

Natural gas represents 19% of all of the energy consumed in Indiana. Approximately 45% of the fuel is used in residential homes and commercial establishments. Industries and electric power generators use approximately 50% and 4%, respectively, of the natural gas consumed. For 2001, Indiana was the 12th largest user of natural gas in the United States.

SUMMARY INFORMATION

- On average, expenditures for natural gas range between 15 to 20% of the total state energy expenditures. For 2000, Indiana's total energy expenditures were \$17 billion, of which \$3.1 billion was for natural gas. Purchases for electricity and petroleum account for most of the remaining total.
- Natural gas is the predominant fuel used for heating homes in Indiana. According to 2000 Census data, 61.3% of Indiana residence are heated by natural gas. More specifically, the following percentages were given for main space heating by fuel type.

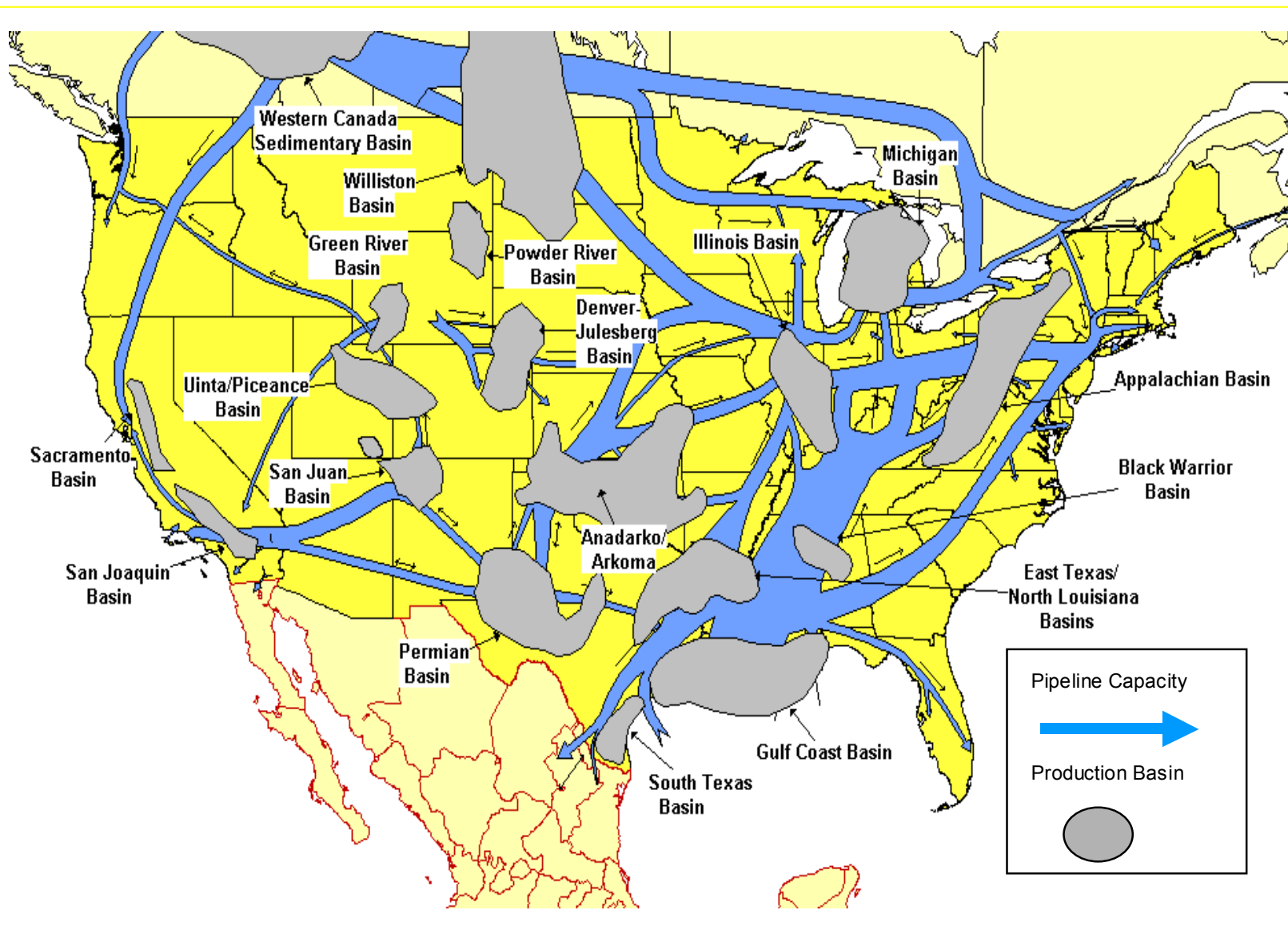
Natural Gas	61.3%
Electricity	23.9%
Propane / LPG	9.2%
Fuel Oil	2.8%
Other (e.g. wood, coal)	2.8%
- Industry accounts for approximately one-half of the state natural gas consumption, mainly as a fuel in boilers, heaters, and furnaces. Other uses include combined heat & power applications.
- Indiana's pipeline capacity for natural gas is sized much larger than is needed to serve solely in-state consumption. Most of the gas that enters the state flows east to serve customers in other states. Major producing regions include the Gulf Coast, Southwest, and Western Canada/Rocky Mountain areas.
- Average wellhead prices of natural gas have been trending upward and are approaching record levels of \$5.00 per million British thermal units (Btu's). Factors that affect this include production flows from wells, drilling activity for natural gas, high crude prices, recent weather extremes (both hot and cold), natural gas storage volumes, net imports of natural gas, consumption trends, and pipeline capability.
- For more detailed information about Indiana natural gas use from the USDOE, Energy Information Administration (EIA), go to: Indiana Natural Gas Long Summary (http://tonto.eia.doe.gov/dnav/ng/ng_sum_lsum_sin_a_d.htm)

Indiana Department of Commerce Energy and Recycling Office 317.232.8940

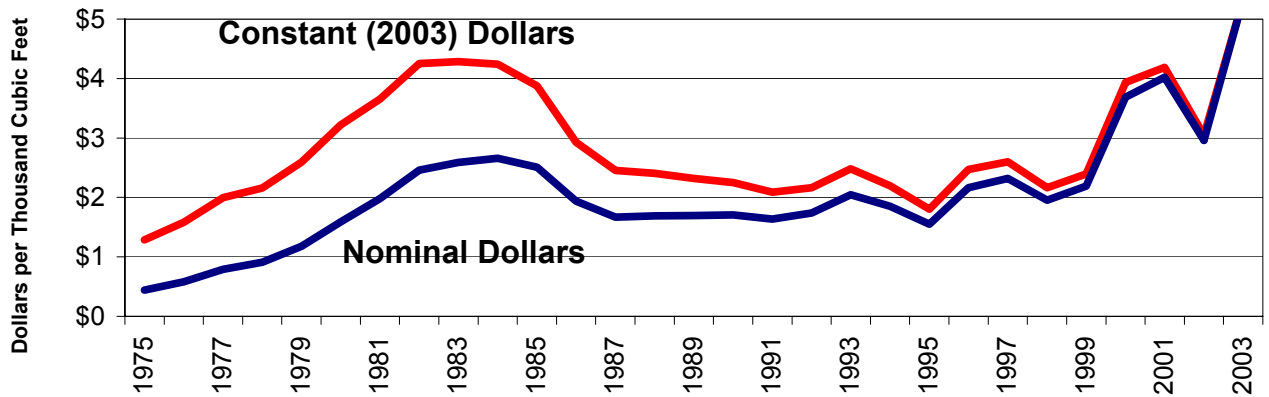
Sources: Energy Information Administration: www.eia.doe.gov

July 2003

Producing basins and regional natural gas flows



National Average Natural Gas Wellhead Prices



National Average Spot Natural Gas & Oil Prices by Month

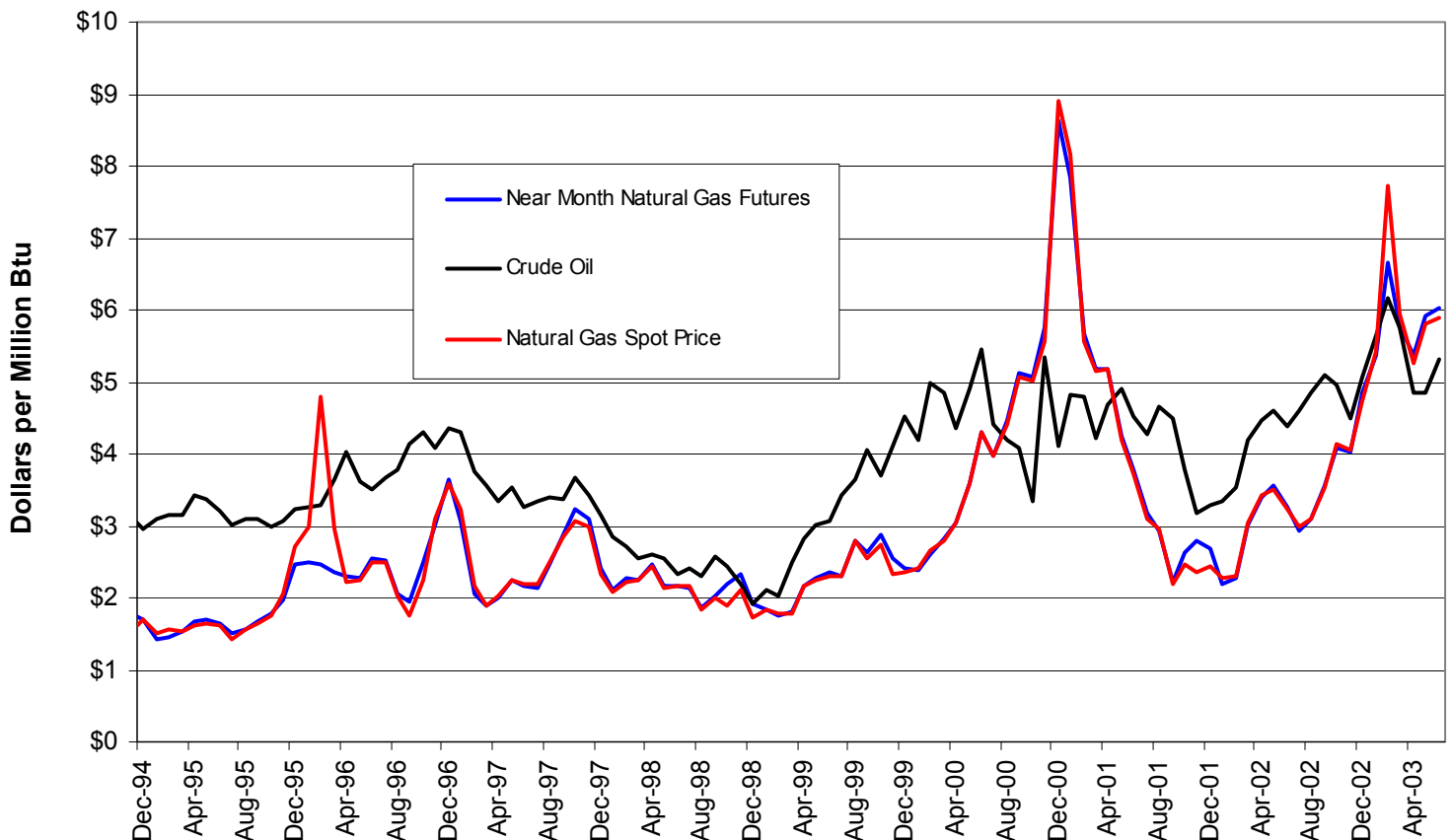


TABLE 1. Indiana Natural Gas Energy Consumption And Expenditures by Sector, 2001

<u>Sector</u>	<u>Natural Gas Consumption (million cubic feet)</u>	<u>Percent of Total Natural Gas Consumption</u>	<u>Expenditures (\$ million)*</u>
Residential	147,338	29.8 %	1,410.0
Commercial	78,479	15.6 %	678.1
Industrial	250,766	50.7 %	2,041.2
Vehicle Fuel	310	0.1 %	2.7
Electric Power Consumers	<u>17,572</u>	<u>3.6 %</u>	<u>91.0</u>
Total	494,465	100.0 %	4,223.0

* Expenditures are estimated as based on the average price of natural gas delivered to sectors according to USDOE, Energy Information Administration (EIA). The price for the industrial sector is based on less than 10% of the industrial volume delivered. Most of the industrial sales are delivered as the account of others and not reported by EIA.

TABLE 2. Average Price of Natural Gas Delivered to Consumers in Indiana (Dollars per thousand cubic feet)*

<u>Sector</u>	<u>1994</u>	<u>1996</u>	<u>1998</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Jan 2003</u>
Residential	6.24	5.54	6.56	6.26	9.57	NA	8.06
Commercial	5.33	4.67	5.50	5.60	8.64	6.74	7.73
Industrial	4.60	3.62	4.28	4.88	8.14	5.74	7.06
Electric Utilities		2.72	3.48	2.88	4.45	5.18	3.85 NA

* One thousand cubic feet of natural gas equals approximately 1 million Btu.

TABLE 3. Average Annual Consumption of Natural Gas Delivered to Consumers in Indiana, 2000-2001 (million cubic feet)

<u>Sector</u>	<u>2000</u>	<u>2001</u>
Residential	160,000	147,338
Commercial	90,000	78,479
Industrial	312,000	250,766
Vehicle Fuel	6,000	310
Electric Utilities	<u>8,000</u>	<u>17,572</u>
TOTAL	576,000	494,465

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